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IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1965.

No. 609

OWEN SIEBRING,
Petitioner,

vs.

CHARLES W. HANSEN and AFSCO, INC.,
Respondents.

PETITIONER'S REPLY BRIEF

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I. Comment on the Vital Question upon Which Respondents Are Completely Silent and Which the Lower Courts Have Failed to Answer.

The opinions below and the brief of respondents say much about the issues of *res judicata,* partnerships and intervention, but none of the statements made ever comes face to face with a burning question that confronts this Court: "How can a consent decree agreed to by one partner be in any way binding on a second partner not a

party to the action, when the consent decree serves to divest the second partner of a personal property right?" Petitioner, Owen Siebring, the second partner, claimed to be the joint inventor of United States Patent No. 2,867,314, the patent involved in the original litigation. His ownership of the rights to this invention did not belong to the partnership or to the defendant partner, Claude Siebring. The rights to this invention were property rights and they were personal to him and not of the partnership. Yet, these personal property rights of petitioner Owen Siebring have been taken from him, and he has been held in contempt of court for infringing a patent of which he claims to be a joint inventor—and he has never had his day in court to have his joint inventorship adjudicated. Respondents argue that petitioner has not been denied due process of law, but there is no logic or judicial precedent which suggests that petitioner Owen Siebring has been granted due process of law by having this property right taken from him when he has not been permitted to assert his rights in any court of law.

II. The Trial Court Deferred the Issues of Validity and Joint Inventorship to a Subsequent Proceeding; and Then in a Change of Position, Refused to Permit Any Subsequent Proceeding to Hear These Issues.

Respondents repeatedly state[1] that petitioner recognized that the contempt hearing would not involve the issue of validity; and respondents then imply that petitioner's urging of this defense is an after-thought that was developed after contempt was found. Respondents' appraisal of this position is in error. The defenses of patent invalidity and joint inventorship were raised by the pleadings well in

1. Respondents' Brief, pp. 4, 6 and 7.

advance of trial.[2] The trial court simply stated[3] that it

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2. (1) HISTORY OF THE RESISTANCE TO THE MOTION FOR CONTEMPT.

The original resistance to the motion for contempt was filed February 19, 1962 (R1, 23), and included substantially a general denial of the motion.

A substituted resistance to the motion for contempt was filed May 8, 1962 (R1, 29), and in addition to the defense of non-infringement, the defenses of invalidity because of prior patents, because of prior public use of the invention, and because of joint inventorship with Owen Siebring were set forth in paragraphs IV A, B, and C, respectively (R1, 29-30). A further defense of intervening rights was set forth in paragraph VII (R1, 31-32).

Owen Siebring's answer as intervenor filed February 12, 1963 (R1, 36), contained the same defenses as Claude Siebring's substituted resistance filed May 8, 1962 (R1, 29).

On February 12, 1963, Claude Siebring filed a further amended resistance to the motion for contempt (R1, 43), which merely added additional prior art patents to paragraph IV A of the substituted resistance which had been previously filed on May 8, 1962. This amended resistance of February 12, 1963, also added a new instance of public use to the previously filed resistance.

On March 12, 1963, the defendants filed an application for leave to amend the resistance to file a counterclaim (R1, 49). This application merely sought to add a counterclaim to the defenses which were already before the Court in the previously filed resistances to the motion for contempt. The proposed counterclaim (R1, 54) was filed under the declaratory judgment statute (Title 28, U.S.C., Section 2201) and alleged infringement of two auger conveyer patents Nos. 2,745,381 and 2,801,610. The counterclaim also requested (R1, 54c) that the Court adjudicate in this action the entire controversy as to the auger conveyers of the plaintiffs and defendants.

Thus, as the contempt matter went to trial on March 14, 1963, all of the defenses ever alleged by the defendants were of record and before the Court, and the only remaining and uncompleted act was for the court to determine whether or not the resistance could be further amended to add a counterclaim thereto.

(2) HISTORY OF DEFENDANTS' MOTION FOR RELIEF UNDER RULE 60.

The original motion for relief from judgment was filed by defendant, Claude Siebring, on May 8, 1962 (R1, 35, 36), and this motion was based on a first grounds that the decree and writ of injunction were void, having been based on a settlement agreement which allegedly was unenforceable because of the illegality thereof flowing from the fact that Owen Siebring should have been a co-inventor with plaintiff Hansen in regard to patent No.

would take up only the "colorable imitation" issue at that hearing and the remaining issues would be entertained at a subsequent time. With the indication from the court that the remaining issues could be heard subsequently, peti-

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2,867,314. A second grounds alleged that it was no longer equitable that the prior judgment should have prospective application because of the circumstances under which the settlement agreement was consummated, including the advanced age of Claude Siebring, and defendants also alleged possession of evidence overwhelmingly indicating the invalidity of the patent.

On March 12, 1963, the defendant, Claude Siebring, and the intervenor-defendant, Owen Siebring, filed an amended and substituted motion for relief from judgement (R1, 54) which reiterated the grounds outlined above and added the grounds of invalidity of the patent because of certain prior art patents and certain prior instances of public use. The amended motion also alleged that defendants had a prior right to their devices through certain patents they had acquired, these being the same patents which plaintiffs were accused of infringing in defendants' proposed counterclaim.

This was the state of defendants' motion for relief from judgment when the contempt matter went to trial on March 14, 1963.

3. At the commencement of the hearing on the contempt matter on March 14, 1963, the Court made the following general comments in regard to the manner in which it was going to consider the issues of the controversy:

(R1, 94)

"In any event, there has been some complaint made that it is a piecemeal proposition. Patent cases sometimes become complicated and longer than necessary."

* * *

(R1, 95)

"The Court is only interested in orderly process. The orderly process in this cause would appear that this Court first pass upon the question of whether there is a question of substantial difference or merely colorable difference. That this Court should not engage in other matters until he disposes of this matter. Now the Court is familiar with those other matters. This Court is interested first of all in the contempt matter and the burden of proof in this instance will be expected to strongly rest upon the plaintiff as to the matter of infringement. As to the matter of validity of the patent, which might arise in some subsequent proceeding, the burden will shift."

* * *

tioner was content to proceed with the contempt hearing without the issue of validity being presented at that time, and petitioner was further content to wait for the court to subsequently rule on the motion for relief from judgment and the application for a declaratory judgment counterclaim. It was some sixteen months later on July 30, 1964, in this seemingly orderly atmosphere that the trial court created what proved to be a procedural bombshell for petitioner by entering a final judgment and order on the contempt issue without first taking up the remaining issues. The petitioner and the defendant, assuming that the Court had forgotten or overlooked its previous indication that the other auxiliary issues could be raised "at such time as necessary" (R1, 114), filed a motion under Rule 60 (R1, 82) to vacate the Court's order and judgment until such time

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"The first process the Court expects to consider is the matter as it involves the question of contempt. The Court will take a submission on that matter and will determine that."

(R1, 114)

"The Court: Airight. Just so we understand, the Court in substance has taken this matter of some aspects piecemeal as he believes he should. The Court doesn't want to indicate that he won't terminate these proceedings insofar as consideration of this element of the case as soon as the matter of the question of infringement is determined."

"Mr. Eidsmoe: Well, if I may say so, your Honor, we believe once the Court considers the element of infringement there will be no need to go into the second aspect of it."

* * *

"Mr. Eidsmoe: Well, if it please the Court, we do intend to introduce evidence as to the validity of the decree as part of our defense to the motion for contempt. We contend that a void decree cannot be used as a basis for a contempt action, particularly against the intervenor and for other reasons against the defendant."

"The Court: The Court will hear you at that time. At present, as I view the law with relation to this, perhaps there may be some question as to whether or not it will proceed. The Court is not foreclosing the presentation of this problem, but the Court will cross that bridge at such time as necessary."

as the other issues pertinent to the matter had been determined. Petitioner also reminded the Court that it had not yet ruled on the original motion for relief from judgment (R1, 35) filed over two years earlier on May 8, 1962, and as amended sixteen months earlier (R1, 54d) on March 12, 1963. The trial Court filed an order on August 27, 1964 (R1, 84) and indicated that this motion had been ruled on at the contempt hearing. However, a thorough examination of the trial proceedings (R1, 92-199) reveals that neither the Court nor counsel for either of the parties addressed themselves to this motion under Rule 60, or to the application for the Declaratory Judgment Counterclaim.

So, for whatever bearing it may have on the instant petition, the Supreme Court should be absolutely aware that, contrary to the assertions in respondents' brief, the petitioner has never relaxed his insistence that the issues of validity and joint inventorship should be considered.

III. Respondents Fail to Establish Their Assertion That No Federal Question Is Presented.

Respondents assert at page 4 of their brief that petitioner has failed to present a federal question which may be reviewed by this court, but nothing follows in the remaining portions of the brief to establish this assertion. Respondents did argue at the bottom of page 11, *et seq.*, that petitioner's status as a partner with the defendant should not be determined by the common law of Iowa, but rather, this matter should be considered according to "federal common law." It would seem that respondents agree, to this extent at least, that a federal question is involved here. But most importantly, respondents do not deny that the question presented by this appeal does involve the nature of the rights of an intervenor under Federal Rule 24, and this is the federal question asserted in petitioner's first grounds in support of the petition for certiorari.

Moreover, respondents devote pages 5-10 of their brief to the argument that petitioner's rights as an intervenor under federal law were properly considered by the lower courts.

There is a serious question of federal law involved in this controversy, and that is whether or not an intervenor as a mere consequence of his intervention, is unable to assert defenses that the original defendant either does not have or cannot assert. The lower courts have decided this question affirmatively, and Federal Rule 24 on intervention has therefore been seriously diluted.

IV. Contrary to Respondents' Assertions, There Is No Evidence That Owen Siebring Assented to or in Any Way Affirmed the Settlement Agreement or Consent Decree.

Respondents endeavor[4] to create the picture that petitioner was a willing and cooperating force that brought about the original settlement agreement and consent decree, but there is no evidence to support this assertion. The settlement agreement and consent decree were entered into by the original defendant, Claude Siebring, who was the iron-fisted eighty-year old patriarch of the family business. Claude Siebring settled the original action primarily because of his advanced age of eighty years, and because he did not wish to jeopardize his health by prolonged litigation (R1, 55). The settlement agreement was entered into against the express advice of counsel (R1, 55). The fact that petitioner may have been present at some of the settlement negotiations does not mean that he favored settlement, nor does his signature as a witness signify any similar intentions. The petitioner's counsel also was present at the settlement negotiations, and also signed the papers of settlement, but defendant's counsel expressly advised against the transaction (R1, 55).

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4. Respondents' Brief, p. 11.

The relationship of petitioner Owen Siebring to the consent decree must be determined according to the Iowa law pertaining to these matters, and not according to mental state of the petitioner at the time of settlement which respondents have endeavored to re-create from totally insufficient evidence.

V. Comment on United States v. California Coop Canneries Case.

Respondents quote Mr. Justice Brandeis in *United States* v. *California Coop Canneries*, 279 U.S. 553, 556, 49 S. Ct. 423, 424, at page 7 of their brief to the effect that intervention will not be allowed for the purpose of impeaching a decree already made. The point missed by this assertion is that petitioner Owen Siebring *was* permitted to intervene by the trial court, and his asserted grounds of intervention were not directed to the impeachment of a decree, per se, but were directed to the assertion of his rights and defenses as contemplated by Rule 24. A third party stranger who was not possessed of petitioner's rights (and liabilities) perhaps could not have intervened for the express purpose of impeaching the decree. But petitioner himself, through his property interest in the assets of the partnership, was placed in a possible position of jeopardy by a possible finding of contempt against his father and partner, Claude Siebring. Thus, petitioner intervened under the express provisions of Rules 24(a) and 24(b), not for the sole purpose of impeaching a decree, but for protecting his rights and asserting his defenses, both of which are contemplated by Rule 24. Moreover, the trial court permitted petitioner to intervene after petitioner had fully disclosed the defenses of invalidity and joint inventorship (R1, 48), and the intervention was permitted without limitation or comment as to the defenses raised in petitioner's answer. In this regard, even the respondents did

not move to strike these defenses under Rule 12(f) and their objection to these defenses at the appellate level are certainly belated and waived under the provisions of Rule 12(h) which provides that: "A party waives all. . . . . objections which he does not present either by motion. . . . . or. . . . . in his answer or reply, ..."

Thus, petitioner was not permitted to intervene merely to impeach the decree, but he was permitted as a matter of right to intervene to protect his rights under the conditions contemplated by Rule 24 in full light of his defenses of invalidity and joint inventorship. Neither the trial court nor respondents imposed any limitation on the intervention at the time that intervention was ordered, and even respondents do not assert that intervention was improper. But Rule 24 has now been substantially diluted by stripping the intervenor of his defenses after permitting him to intervene without limitation (and without objection from respondents); and justice has not been served by then finding the intervenor guilty of contempt without fully giving him his day in court.

VI. Respondents Do Not Dispute That Petitioner Was Not Bound by the Consent Decree under Iowa Law, But Respondents Argue Merely That Iowa Law Is Not Applicable under the Doctrine of Erie v. Tompkins Since Jurisdiction Arises by Federal Statute Rather Than by Diversity of Citizenship.

Respondents do not question petitioner's allegation that he was not bound by the consent decree under Iowa law, but they argue at pages 13 and 14 of their brief that this question must be settled by "federal" common law. Respondents cite *Guaranty Trust Co.* v. *York,* 326 U.S. 99 (1945), as authority for not applying the doctrine of *Erie Railroad Co.* v. *Tompkins,* 304 U.S. 64 (1938), in cases where jurisdiction does not arise because of diversity of

citizenship. The *Guaranty Trust* Co. case simply does not support this proposition, but rather, Mr. Justice Frankfurter merely conveyed the rule that state rights or state law cannot have dominance over any right conferred "by the Constitution or laws of the United States."[5] Thus, no state law or precedent could impair the intent of the patent statutes on a question specifically involving these statutes, but the mere existence of jurisdiction based on federal law rather than diversity does not open the floodgates of universal *stare decisis* on issues not germain to the federal laws, particularly when the law relating to the issue in question has been authoritatively declared by the state. As Mr. Justice Frankfurter stated at 326 U.S. 112, in the *Guaranty Trust Co.* decision, *supra*:

> "Whenever that law is authoritatively declared by a State, whether its voice be the legislature or its highest court, such law ought to govern in litigation founded on that law, whether the forum of application is a State or Federal Court and whether the remedies be sought at law or may be had in equity."

The lower courts should have held that under Iowa partnership law, a partner not a party to litigation is not bound by an action against either the partnership or another partner. *Anderson* v. *Wilson*, 142 Iowa 158, 120 N.W. 677 (1909). Respondents do not even challenge this import of Iowa law, and they submit no authority, state or federal, which would permit one partner to dispose of another partner's personal property (petitioner's rights as a joint inventor) in an action where the other partner was not a party.

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5. See footnote 4 at 326 U.S. 107.

Conclusion

In conclusion, respondents have totally failed to overcome petitioner's first grounds urged for issuance of a writ of certiorari, namely, that it was error for the lower courts to hold that "as a consequence" of the intervention, per se, petitioner could not assert any defense not available to the original defendant, Claude Siebring. In addition, respondents have failed to establish that this issue does not involve a serious question of federal law.

Respondents have failed to show that Iowa law should not have been applied to determine petitioner's status as a partner under the consent decree, and respondents do not even challenge petitioner's position that under Iowa law, petitioner would not have been bound by the decree.

Lastly, respondents have not established that petitioner was granted due process of law, and more specifically, respondents do not even argue that petitioner received due process of law when the effect of the lower courts' decisions is to allow petitioner's partner and father to divest petitioner of his personal property rights as a joint inventor through a consent decree when petitioner was not a party to the action.

It is submitted that grievous error has been wrought in the courts below, and because of the widespread impact of the decisions of the lower courts, particularly in regard to Federal Rule 24, this petition should be granted.

Respectfully submitted,

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